

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 3150

Chapter 92, Laws of 2006

59th Legislature
2006 Regular Session

WINE INDUSTRY--PROMOTION

EFFECTIVE DATE: 6/7/06

Passed by the House February 10, 2006
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate February 28, 2006
Yeas 45 Nays 0

BRAD OWEN

President of the Senate

Approved March 17, 2006.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 3150** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

March 17, 2006 - 10:52 a.m.

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 3150

Passed Legislature - 2006 Regular Session

State of Washington 59th Legislature 2006 Regular Session

By House Committee on Commerce & Labor (originally sponsored by Representatives Condotta, Linville, Kenney, Chase, Kessler, Conway, Holmquist, Morrell, Newhouse and Armstrong)

READ FIRST TIME 02/03/06.

1 AN ACT Relating to efforts to promote the wine industry; and
2 reenacting and amending RCW 66.28.010.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 66.28.010 and 2004 c 160 s 9 and 2004 c 62 s 1 are
5 each reenacted and amended to read as follows:

6 (1)(a) No manufacturer, importer, distributor, or authorized
7 representative, or person financially interested, directly or
8 indirectly, in such business; whether resident or nonresident, shall
9 have any financial interest, direct or indirect, in any licensed retail
10 business, unless the retail business is owned by a corporation in which
11 a manufacturer or importer has no direct stock ownership and there are
12 no interlocking officers and directors, the retail license is held by
13 a corporation that is not owned directly or indirectly by a
14 manufacturer or importer, the sales of liquor are incidental to the
15 primary activity of operating the property as a hotel, alcoholic
16 beverages produced by the manufacturer or importer or their
17 subsidiaries are not sold at the licensed premises, and the board
18 reviews the ownership and proposed method of operation of all involved
19 entities and determines that there will not be an unacceptable level of

1 control or undue influence over the operation or the retail licensee;
2 nor shall any manufacturer, importer, distributor, or authorized
3 representative own any of the property upon which such licensed persons
4 conduct their business; nor shall any such licensed person, under any
5 arrangement whatsoever, conduct his or her business upon property in
6 which any manufacturer, importer, distributor, or authorized
7 representative has any interest unless title to that property is owned
8 by a corporation in which a manufacturer has no direct stock ownership
9 and there are no interlocking officers or directors, the retail license
10 is held by a corporation that is not owned directly or indirectly by
11 the manufacturer, the sales of liquor are incidental to the primary
12 activity of operating the property either as a hotel or as an
13 amphitheater offering live musical and similar live entertainment
14 activities to the public, alcoholic beverages produced by the
15 manufacturer or any of its subsidiaries are not sold at the licensed
16 premises, and the board reviews the ownership and proposed method of
17 operation of all involved entities and determines that there will not
18 be an unacceptable level of control or undue influence over the
19 operation of the retail licensee. Except as provided in subsection (3)
20 of this section, no manufacturer, importer, distributor, or authorized
21 representative shall advance moneys or moneys' worth to a licensed
22 person under an arrangement, nor shall such licensed person receive,
23 under an arrangement, an advance of moneys or moneys' worth. "Person"
24 as used in this section only shall not include those state or federally
25 chartered banks, state or federally chartered savings and loan
26 associations, state or federally chartered mutual savings banks, or
27 institutional investors which are not controlled directly or indirectly
28 by a manufacturer, importer, distributor, or authorized representative
29 as long as the bank, savings and loan association, or institutional
30 investor does not influence or attempt to influence the purchasing
31 practices of the retailer with respect to alcoholic beverages. Except
32 as otherwise provided in this section, no manufacturer, importer,
33 distributor, or authorized representative shall be eligible to receive
34 or hold a retail license under this title, nor shall such manufacturer,
35 importer, distributor, or authorized representative sell at retail any
36 liquor as herein defined. A corporation granted an exemption under
37 this subsection may use debt instruments issued in connection with
38 financing construction or operations of its facilities.

1 (b) Nothing in this section shall prohibit a licensed domestic
2 brewery or microbrewery from being licensed as a retailer pursuant to
3 chapter 66.24 RCW for the purpose of selling beer or wine at retail on
4 the brewery premises and nothing in this section shall prohibit a
5 domestic winery from being licensed as a retailer pursuant to chapter
6 66.24 RCW for the purpose of selling beer or wine at retail on the
7 winery premises. Such beer and wine so sold at retail shall be subject
8 to the taxes imposed by RCW 66.24.290 and 66.24.210 and to reporting
9 and bonding requirements as prescribed by regulations adopted by the
10 board pursuant to chapter 34.05 RCW, and beer and wine that is not
11 produced by the brewery or winery shall be purchased from a licensed
12 beer or wine distributor.

13 (c) Nothing in this section shall prohibit a licensed distiller,
14 domestic brewery, microbrewery, domestic winery, or a lessee of a
15 licensed domestic brewer, microbrewery, or domestic winery, from being
16 licensed as a spirits, beer, and wine restaurant pursuant to chapter
17 66.24 RCW for the purpose of selling liquor at a spirits, beer, and
18 wine restaurant premises on the property on which the primary
19 manufacturing facility of the licensed distiller, domestic brewer,
20 microbrewery, or domestic winery is located or on contiguous property
21 owned or leased by the licensed distiller, domestic brewer,
22 microbrewery, or domestic winery as prescribed by rules adopted by the
23 board pursuant to chapter 34.05 RCW.

24 (d) Nothing in this section prohibits retail licensees with a
25 caterer's endorsement issued under RCW 66.24.320 or 66.24.420 from
26 operating on a domestic winery premises.

27 (e) Nothing in this section prohibits domestic wineries and
28 retailers licensed under chapter 66.24 RCW from jointly producing
29 brochures and materials promoting tourism in Washington state which
30 contain information regarding retail licensees, domestic wineries, and
31 their products.

32 (f) Nothing in this section prohibits domestic wineries and retail
33 licensees from identifying the wineries on private labels authorized
34 under RCW 66.24.400, 66.24.425, and 66.24.450.

35 (2) Financial interest, direct or indirect, as used in this
36 section, shall include any interest, whether by stock ownership,
37 mortgage, lien, or through interlocking directors, or otherwise.
38 Pursuant to rules promulgated by the board in accordance with chapter

1 34.05 RCW manufacturers, distributors, and importers may perform, and
2 retailers may accept the service of building, rotating and restocking
3 case displays and stock room inventories; rotating and rearranging can
4 and bottle displays of their own products; provide point of sale
5 material and brand signs; price case goods of their own brands; and
6 perform such similar normal business services as the board may by
7 regulation prescribe.

8 (3)(a) This section does not prohibit a manufacturer, importer, or
9 distributor from providing services to a special occasion licensee for:
10 (i) Installation of draft beer dispensing equipment or advertising,
11 (ii) advertising, pouring, or dispensing of beer or wine at a beer or
12 wine tasting exhibition or judging event, or (iii) a special occasion
13 licensee from receiving any such services as may be provided by a
14 manufacturer, importer, or distributor. Nothing in this section shall
15 prohibit a retail licensee, or any person financially interested,
16 directly or indirectly, in such a retail licensee from having a
17 financial interest, direct or indirect, in a business which provides,
18 for a compensation commensurate in value to the services provided,
19 bottling, canning or other services to a manufacturer, so long as the
20 retail licensee or person interested therein has no direct financial
21 interest in or control of said manufacturer.

22 (b) A person holding contractual rights to payment from selling a
23 liquor distributor's business and transferring the license shall not be
24 deemed to have a financial interest under this section if the person
25 (i) lacks any ownership in or control of the distributor, (ii) is not
26 employed by the distributor, and (iii) does not influence or attempt to
27 influence liquor purchases by retail liquor licensees from the
28 distributor.

29 (c) The board shall adopt such rules as are deemed necessary to
30 carry out the purposes and provisions of subsection (3)(a) of this
31 section in accordance with the administrative procedure act, chapter
32 34.05 RCW.

33 (4) A license issued under RCW 66.24.395 does not constitute a
34 retail license for the purposes of this section.

35 (5) A public house license issued under RCW 66.24.580 does not
36 violate the provisions of this section as to a retailer having an

1 interest directly or indirectly in a liquor-licensed manufacturer.

Passed by the House February 10, 2006.

Passed by the Senate February 28, 2006.

Approved by the Governor March 17, 2006.

Filed in Office of Secretary of State March 17, 2006.